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**ANTECEDENTS AND IMPACT OF PSYCHOLOGICAL OWNERSHIP  
AMONG**

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Abstract of thesis presented to the Senate of Universiti Putra Malaysia in  
partial fulfillment of the requirement for the degree of Master of Science

**ANTECEDENTS AND IMPACTS OF PSYCHOLOGICAL OWNERSHIP  
AMONG ACADEMICIANS IN BUSINESS FACULTIES OF MALAYSIAN  
PUBLIC UNIVERSITIES**

By

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**April 2007**

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Research on the impact of psychological ownership and its antecedents is at an inchoate stage. Earlier studies have considered only work factors as antecedents of psychological ownership. This study introduces non-work factors as potential antecedents. Work factors comprise of autonomy, participative decision-making and job tenure, while non-work factors consists of self-efficacy and locus of control. This study also investigates the impact of psychological ownership on job performance mediated through job commitment and job satisfaction. Unlike previous studies, this study has been carried out in an eastern setting.

The study was carried out amongst lecturers in business schools of public universities in Malaysia. Questionnaires were distributed through paper and online survey. Three hundred and twenty nine (329) academicians participated in this study. The data analyses reveal that, with regards to work factors, only autonomy and participative decision-making are positively related to psychological ownership. In terms of non-work factors, self-efficacy and locus of control have a stronger influence on

psychological ownership, compared to work factors. This study measured job performance as a multidimensional construct with three dimensions (teaching, publication and ESP [Editorial, Supervisory and Professional]) using actual and perceived performance ratings. Findings indicate that psychological ownership is positively related to job performance, job commitment and job satisfaction.

Theoretically, this study depicts the importance of dispositional traits as predictors of psychological ownership, and psychological ownership as a determinant of employee performance. Practically, this study provides a mechanism to improve job performance of academicians in Malaysian public universities. The present study indicates ways to develop psychological ownership among lecturers as well as recommends administrators to incorporate personality tests in recruiting academic staffs in universities. On the whole, this study contributes to the present knowledge of psychological ownership by integrating several antecedents and outcomes in a single, comprehensive model of psychological ownership.

Abstrak tesis yang dikemukakan kepada Senat Universiti Putra Malaysia sebagai memenuhi sebahagian keperluan untuk Ijazah Master Sains

**PENENTU-PENENTU DAN KESAN-KESAN KEEMPUNYAAN PSIKOLOGI  
DI KALANGAN KAKITANGAN AKADEMIK DI FAKULTI-FAKULTI  
PERNIAGAAN DI UNIVERSITI-UNIVERSITI AWAM DI MALAYSIA**

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Kajian berkenaan kesan-kesan dan penentu-penentu keempunyaan psikologi (psychological ownership) masih berada di tahap yang awal. Kajian awal hanya mempertimbangkan faktor-faktor kerja sebagai penentu keempunyaan psikologi. Kajian ini memperkenalkan faktor-faktor bukan kerja yang berkemampuan berfungsi sebagai penentu keempunyaan psikologi.

Faktor-faktor kerja adalah autonomi (autonomy), penyertaan pekerja di dalam membuat keputusan (participative decision-making) dan tempoh dalam pekerjaan (job tenure). Faktor-faktor bukan kerja terdiri daripada kepercayaan diri (self-efficacy) dan kepercayaan terhadap kawalan (locus of control). Kajian ini juga mengenalpasti kesan keempunyaan psikologi terhadap prestasi kerja melalui komitmen kerja dan kepuasan kerja yang berfungsi sebagai pengantara. Berbanding kajian yang dijalankan sebelum ini, penyelidikan ini dijalankan di dalam persekitaran timur.

Kajian ini dijalankan di kalangan kakitangan akademik di fakulti-fakulti perniagaan di universiti awam Malaysia. Borang soal-selidik telah diedarkan menerusi soal-selidik kertas dan soal-selidik laman web. Sebanyak tiga ratus dua puluh sembilan (329) pensyarah telah mengambil bahagian di dalam kajian ini. Dari segi faktor kerja, hasil kajian menunjukkan bahawa hanya autonomi dan penyertaan pekerja di dalam membuat keputusan mempunyai kaitan yang positif dengan keempunyaan psikologi. Dari sudut faktor bukan kerja, kepercayaan diri dan kepercayaan terhadap kawalan didapati mempunyai pengaruh yang lebih kuat terhadap keempunyaan psikologi, berbanding faktor-faktor kerja. Kajian ini mengukur prestasi kerja dengan tiga dimensi [pengajaran, penerbitan, dan PPP (penyuntingan, penyeliaan dan profesional)] menerusi penilaian prestasi kerja sebenar dan persepsi prestasi kerja. Kajian menunjukkan bahawa keempunyaan psikologi mempunyai hubungkait yang positif dengan prestasi kerja, komitmen kerja dan kepuasan kerja.

Dari perspektif teori, kajian ini telah menunjukkan kepentingan keperibadian sebagai penentu keempunyaan psikologi dan keempunyaan psikologi sebagai penentu prestasi kerja pensyarah. Dari segi praktikal, kajian ini telah menyediakan mekanisma bagi memperbaiki prestasi kerja kakitangan akademik di universiti-universiti tempatan Malaysia. Kajian ini juga menunjukkan cara-cara membentuk keempunyaan psikologi serta mencadangkan pihak pentadbir mewujudkan ujian keperibadian dalam proses pengambilan tenaga akademik di universiti-universiti. Secara keseluruhan, kajian ini telah memberi sumbangan baru kepada bidang keempunyaan psikologi dengan mengintegrasikan beberapa penentu dan kesan keempunyaan psikologi dalam satu model yang komprehensif.

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I certify that an Examination Committee met on 23<sup>rd</sup> February 2007 to conduct the final examination of **Nanthini a/p Muniandy** on her **Master of Science** thesis entitled **“Antecedents and Impacts of Psychological Ownership among Academicians in Business Faculties of Malaysian Public Universities”** in accordance with Universiti Pertanian Malaysia (Higher Degree) Act 1980 and Universiti Pertanian Malaysia (Higher Degree) Regulations 1981. The Committee recommends that the candidate be awarded the relevant degree. Members of the Examination Committee are as follows:

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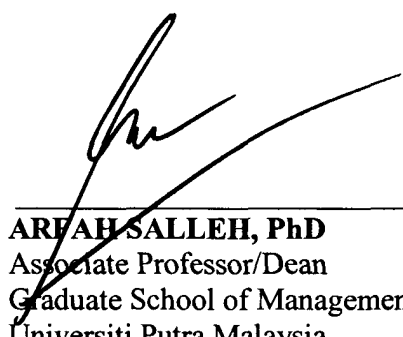
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## DECLARATION

I hereby declare that the thesis is based on my original work except for quotations and citations which have been duly acknowledged. I also declare that it has not been previously or concurrently submitted for any other degree at UPM or any other institutions.

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## TABLE OF CONTENTS

	Page
DEDICATION	ii
ABSTRACT	iii
ABSTRAK	v
ACKNOWLEDGEMENT	vii
APPROVAL	viii
DECLARATION	x
LIST OF TABLES	xiii
LIST OF FIGURES	xv

## CHAPTER

1.	INTRODUCTION	
	1.0 Introduction	1
	1.1 Development of Psychological Ownership	2
	1.2 Education Industry in Malaysia	5
	1.3 Problem Statement	7
	1.4 Rationale for Linking Academicians with Psychological Ownership	12
	1.5 Research Objectives	15
	1.6 Scope of Study	16
	1.7 Significance of Study	17
	1.8 Organization of Thesis	20
	1.9 Chapter Summary	21
2.	LITERATURE REVIEW	
	2.0 Introduction	22
	2.1 Psychological Ownership	23
	2.2 Work Factors Affecting Psychological Ownership	25
	2.3 Non-Work Factors Affecting Psychological Ownership	31
	2.4 Relationship between Psychological Ownership and Job Performance	35
	2.5 Job Commitment as Mediator	39
	2.6 Job Satisfaction as Mediator	42
	2.7 Identification of Research Gaps	45
	2.8 Chapter Summary	47



3.	THEORETICAL FRAMEWORK AND HYPOTHESES	
3.0	Introduction	48
3.1	Theory of Psychological Ownership	49
3.2	Major Conceptual Models	54
3.3	The Proposed Theoretical Framework	59
3.4	Research Hypotheses	63
3.5	Chapter Summary	69
4.	RESEARCH METHODOLOGY	
4.0	Introduction	70
4.1	Research Design	71
4.2	Sampling Design	73
4.3	Data Collection Method & Survey Administration	77
4.4	Questionnaire Design	80
4.5	Measurement of Scales and Variables	81
4.6	Pilot Study	87
4.7	Reliability and Validity of Constructs	88
4.8	Data Analysis	97
4.9	Chapter Summary	100
5.	RESULTS AND ANALYSIS	
5.0	Introduction	101
5.1	Questionnaire Response Rate	102
5.2	Descriptive Statistics: Profile of Respondents	103
5.3	Descriptive Statistics: Profile of Variables	109
5.4	Inferential Statistics: Correlation	112
5.5	Structural Equation Modeling	114
5.6	Summary of Main Findings	143
5.7	Chapter Summary	147
6.	DISCUSSION AND CONCLUSION	
6.0	Introduction	148
6.1	Discussion of Research Findings	149
6.2	Implications of Study	162
6.3	Limitations of Study	168
6.4	Suggestions for Future Research	169
6.5	Conclusion	170
6.6	Chapter Summary	171
	REFERENCES	172
	LIST OF APPENDICES	185
	BIODATA OF AUTHOR	

## LIST OF TABLES

<b><u>Tables</u></b>	<b><u>Title</u></b>	<b><u>Page</u></b>
4.1	List of Business Faculties and Schools in Malaysia	74
4.2	Reliability Coefficients of Constructs (Pilot Study)	88
4.3	Reliability Coefficients of Constructs (Pre-Validity)	89
4.4	Validity of Constructs	92
4.5	Reliability Coefficients of Constructs (Post-Validity)	92
4.6	VARIMAX Rotated Factor Matrix	94
5.1	Response Rate of Study	102
5.2	Distribution of Respondents Based on Demographic Data	105
5.3	Rating of Teaching Evaluation	106
5.4	Frequency of Publication and ESP activities	109
5.5	Profile of Variables	110
5.6	Correlation Matrix	113
5.7	Goodness of Fit Indices – Estimated Model	115
5.8	Goodness of Fit Indices – Exploratory Model 1	120
5.9	Structural Equation Models – Exploratory Model 1	122
5.10	Goodness of Fit Indices – Exploratory Model 2	124
5.11	Structural Equation Models – Exploratory Model 2	125
5.12	Comparison of Goodness of Fit Measures (Teaching, Publication and ESP Dimensions)	128
5.13	Goodness of Fit Indices – Estimated Model	131
5.14	Goodness of Fit Indices – Exploratory Model 1	132
5.15	Structural Equation Models – Exploratory Model 1	133

5.16	Goodness of Fit Indices – Exploratory Model 2	135
5.17	Structural Equation Models – Exploratory Model 2	136
5.18	Comparison of Goodness of Fit Measures (Teaching and Publication Dimensions)	137
5.19	Goodness of Fit Indices – Model with Perceived Performance	140
5.20	Structural Equation Models – Model with Perceived Performance	141
5.21	Summary of Hypothesized Relationships (Actual Job Performance)	145
5.22	Summary of Hypothesized Relationships (Perceived Job Performance)	146

## LIST OF FIGURES

<b><u>Figures</u></b>	<b><u>Title</u></b>	<b><u>Page</u></b>
1.1	Outline of Chapter 1	1
1.2	Distribution of Academicians in Public Universities and University Colleges in Malaysia for the Academic Session 2003/2004	15
2.1	Outline of Chapter 2	22
3.1	Outline of Chapter 3	48
3.2	Model of Work Environment Structure and Psychological Ownership	55
3.3	Model of Psychological Ownership, Employee Attitudes and Behavior	56
3.4	Model of Work Commitments, Personal Characteristics and Outcomes	57
3.5	Model of Job Satisfaction to Job Performance	58
3.6	Proposed Theoretical Framework	68
4.1	Outline of Chapter 4	70
5.1	Outline of Chapter 5	101
5.2	The Path Diagram – Estimated Model (Teaching, Publication and ESP Dimension)	115
5.3	The Path Diagram – Exploratory Model 1 (Teaching, Publication and ESP Dimension)	117
5.4	The Path Diagram – Exploratory Model 2 (Teaching, Publication and ESP Dimension)	123
5.5	The Path Diagram with Significant Path Coefficients (Model with Actual Job Performance with Teaching, Publication and ESP Dimensions)	129
5.6	The Path Diagram – Estimated Model (Teaching and Publication Dimension)	130

5.7	The Path Diagram – Exploratory Model 1 (Teaching and Publication Dimension)	132
5.8	The Path Diagram – Exploratory Model 2 (Teaching and Publication Dimensions)	134
5.9	The Path Diagram with Significant Path Coefficients (Model with Actual Job Performance with Teaching and Publication Dimensions)	138
5.10	The Path Diagram – Model with Perceived Performance	139
5.11	The Path Diagram with Significant Path Coefficients (Model with Perceived Performance)	142
6.1	Outline of Chapter 6	148
6.2	Recommended Model of Psychological Ownership (With Actual Job Performance – Teaching, Publication and ESP Dimensions)	159
6.3	Recommended Model of Psychological Ownership (With Actual Job Performance – Teaching and Publication Dimensions)	160
6.4	Recommended Model of Psychological Ownership (With Perceived Performance)	161

## CHAPTER 1

### INTRODUCTION

#### 1.0 Introduction

Organizational behavior, defined as the study of what people think, feel and do in and around organizations (McShane & Von Glinow, 2005) has been the topic of interest to scholars and practitioners for many decades. To date, many theories and models have been developed to explain employees' behavior and attitude in the work environment. This study continues this line of research in examining an attitude known as psychological ownership. Sections on the background of study, problem statement, and significance of study are covered as shown in Figure 1.1.

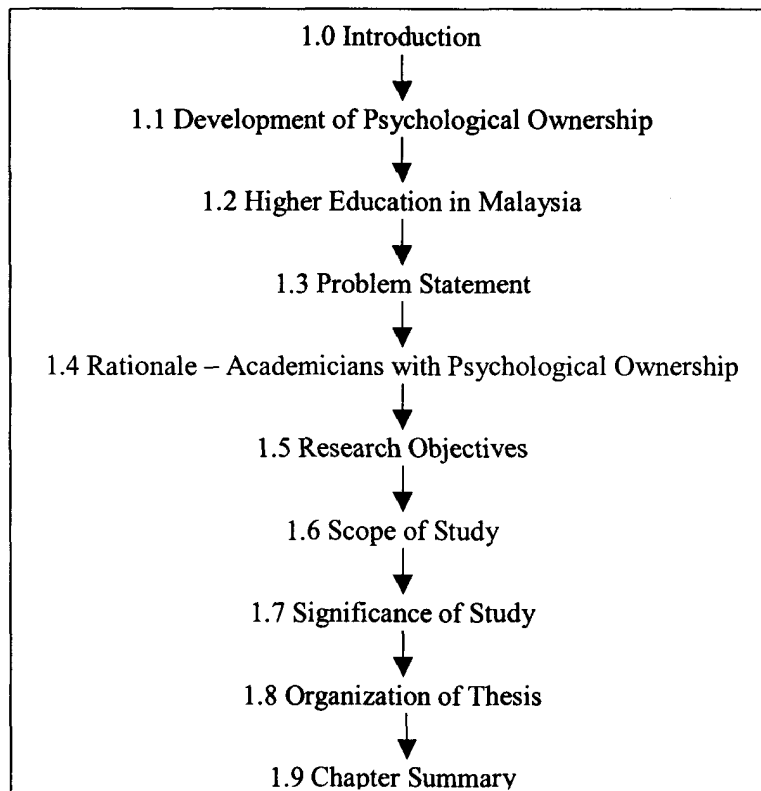


Figure 1.1: Outline of Chapter 1



## **1.1 Development of Psychological Ownership**

### **1.1.1 Definition of Ownership**

In general terms, ownership is defined as having the ‘rights to possess’ or ‘the state of being an owner’ (Oxford, 2000). Ownership and possession seem to be inseparable from human beings. As individuals’ experience the different phases of life from childhood to old age, they tend to claim ownership for various entities of possession. For instance, a child will claim possession of toys or pets, while adults would feel possessive over their house, vehicle and money. Individuals are also capable of feeling ownership towards intangible or non-physical entities, such as ideas, artistic creations, and other people (Pierce, Kostova, & Dirks, 2001).

### **1.1.2 Employee Ownership**

In the field of management, however, ownership is frequently studied in the form of employee ownership. Based on employee ownership literature, it appeared that this form of ownership deals with a legal possession of stock or shares in an organization. Employee ownership is defined as ownership by a group of employees (substantially greater than the senior executive team and key middle managers) of an amount of common or preferred stock of a publicly traded corporation, which exceeds four percent of the total market value of these equities (Blasi, Gasaway, & Kruse, 1994).

There are various forms of employee ownership such as social ownership, worker/producer cooperatives, direct ownership and employee stock ownership plans (Pierce, Rubinfeld, & Morgan, 1991). For many years, researchers have been examining the impact of employee ownership in relation to organizational change, employee motivation, firm performance, organizational commitment and job satisfaction (Pierce & Furo, 1990; Klein, 1987; Duncan, 2001; Long, 1978; Buchko, 1993; Bartkus, 1997).

### **1.1.3 Psychological Perspective of Ownership**

Researchers are also interested in examining ownership from a psychological point of view, referring to the psychological experience of ownership. Many researchers initially saw psychological ownership as a component of legal ownership (Pierce et al., 1991; Wagner, Parker, & Christiansen, 2003). Hence, in an employee-owned organization, an employee who legally holds shares in the company is believed to psychologically experience the feeling of ownership towards the organization, which in turn influences the employee's attitudes and behavior. In this scenario, the legal form of ownership must exist in order for the psychological form of ownership to take place. However, Pierce et al. (2001) and Pierce, Kostova, and Dirks (2003) have claimed that psychological ownership can exist in the absence of legal ownership. This study follows this viewpoint in examining psychological ownership in the work environment.

#### **1.1.4 Psychological Ownership**

Therefore, what is ‘psychological ownership’? Psychological ownership is defined as the state in which individuals feel as though the target of ownership (material or immaterial in nature) or a piece of it is “theirs” (i.e. “It is mine!”) (Pierce et al., 2001). The core essence of psychological ownership is the feeling of possessiveness and of being psychologically tied to an object (Pierce et al., 2003). Psychological ownership has been generally associated with student learning and user acceptance of medical information systems (Wood, 2003; Pare, Sicotte, & Jacques, 2006).

However, researchers and practitioners in the management field (Freiberg, 2001; Sharp, 2005; Stayer, 1990; O’Reilly, 2002; Tan, 2006) are placing an increasing importance and concern on studying psychological ownership in the organizational setting, whereby employees are believed to think and act like owners of the organizations (although they are not legal owners). The theory of psychological ownership has proposed that employees who feel and act like owners of the organization will assume personal risk, responsibility and accountability towards their actions and decisions affecting their organizations. As Brown (1989) asserted, “It is psychological ownership that makes the competitive difference”. In addition, Freiberg (2001) argued that owners cater to the purpose of the organization in terms of its mission, vision, values and strategy. This sense of ownership is believed to bring an impact to the success of an organization.

## 1.2 Education Industry in Malaysia

### 1.2.1 Knowledge-Based Economy

The current era of knowledge-based economy is placing greater value on knowledge and the creation of a knowledgeable workforce to serve as the wheel that generates economic value of a nation. A knowledgeable workforce is referred to workers with a high level of skill and educational attainment as well as the right motivation and attitude, innovation and entrepreneurial skills to leverage on the vast opportunities arising from globalization and rapid technological advancements (Eight Malaysia Plan, 2001 – 2005).

In order to create such a workforce, the education system experienced by individuals becomes essential. Hence, the emergence of knowledge economy has indirectly placed education as a tool to create competent and progressive knowledge workers. The government of Malaysia has always focused its attention on the education industry in Malaysia in continuously creating a knowledgeable workforce, as evident in the National Philosophy of Education (NPE):

*“Education in Malaysia is an ongoing effort towards further developing the potential of individuals in a holistic and integrated manner, so as to produce individuals who are intellectually, spiritually, emotionally and physically balanced and harmonious, based on a firm belief in and devotion to God. Such an effort is designed to produce Malaysian citizens who are knowledgeable and competent, who possess high moral standards, and who are responsible and capable of achieving a high level of personal wellbeing as well as being able to contribute to the betterment of the society and the nation at large” (Education Act, 1996 cf. Ministry of Education, 2006)*

### **1.2.2 Government's Involvement in the Tertiary Education Industry**

In the Eight Malaysia Plan (2001 – 2005), the government has expressed its desire to develop and promote Malaysia as a regional centre of educational excellence, emphasizing increased accessibility to local tertiary education. Much effort has been made to achieve this objective. A vast number of higher educational institutions are being established. In order to increase efficiency in handling policies regarding tertiary education, the Malaysian government established the Ministry of Higher Education (MOHE) in 2004 with a vision to make institutions of higher education in Malaysia internationally recognized centre of excellence for knowledge acquisition. A greater emphasis in producing higher educational institutions of international standards also showed a large percentage of allocation of budget (20.6 percent) for the education and training sector in the recent Ninth Malaysia Plan (2006 – 2010). This duly showed the government's concern and involvement in the education industry and in making Malaysia a regional centre of educational excellence.

### **1.2.3 Types of Institutions of Higher Education in Malaysia**

According to the Education Act 1996, institutions of higher education (regarded as IHE from this point onwards) are defined as education institutions which provide higher education which result in awarding of diplomas, degrees or equivalent qualifications (Committee Report to Study, Review and Make Recommendations Concerning the Development and Direction of Higher Education in Malaysia, 2006).

There are basically two categories of IHE in Malaysia, i.e. public IHE and private IHE. However, these two categories can be further segregated into five sub-categories. More specifically, the first category comprises public universities, public university colleges and public colleges. The second category consists of private universities and private university colleges. Branch campuses of foreign universities located in Malaysia covers the third category. The fourth and fifth category of IHE consists of polytechnics and community colleges respectively. Currently, there are 17 public universities and university colleges offering diploma, degree, masters and doctoral programmes in Malaysia. Besides the establishment of public IHE, the privatization of tertiary education to cater for the increasing demand and assist in handling surplus students in public IHE, has led to the rapid development of private IHE.

### **1.3 Problem Statement**

The theoretical relationships of psychological ownership are complex and much are unknown. There are several areas which are not identified and warrant investigation. Research on the impact of psychological ownership on job performance and its antecedents is at a developing stage. Few researchers have looked at work factors such as autonomy and participation in decision-making as antecedents to psychological ownership (Pierce et al., 2004; Parker et al., 1997; Mayhew, Ashkanasy, Bramble, & Gardner, 2003). In this study, it is argued that job tenure, a work factor, should also be considered as an antecedent. Are work factors alone sufficient to explain psychological ownership? Pierce et al. (2003) proposed that personality traits might effect how an individual goes about pursuing relationships with ownership objects and

the types of objects deemed suitable for such relationships. Based on the literature search, there has been no empirical study examining the relationship between dispositional traits and psychological ownership. This study identifies non-work constructs such as self-efficacy and locus of control as additional antecedents of psychological ownership.

Past studies have shown that there is no relationship between psychological ownership and job performance, contrary to the theoretical propositions. Theory has linked the sense of ownership with feelings of responsibility and accountability as well as assuming personal risk towards their actions and decisions affecting their organization and organizational factors (Pierce et al., 2001; Pierce et al., 2003). This has led to the belief that psychological ownership can bring a positive influence to employee performance. However, empirical findings do not support theoretical propositions (Van Dyne & Pierce, 2004; Vandewalle et al., 1995; Mayhew et al., 2003). Previous studies have been conducted primarily in a western setting. Based on these studies alone, this relationship cannot be concluded. This study is conducted in a service industry in Malaysia, to verify if psychological ownership has any impact on job performance of employees in an eastern setting. Based on previous studies, it can be argued that psychological ownership can affect job performance through job commitment and job satisfaction.

The theory of psychological ownership is based on the psychology of possession, which is closely connected to the sense of self. Markus & Kitayama (1991) highlighted that the view of the self may be quite specific to some segments of the



western culture. Thus, psychological ownership may be more prominent and stronger in individuals in the individualistic culture, However, Pierce et al. (2001) proposed that individuals from different cultures attribute different meaning to possessions in terms of viewing themselves as part of their extended selves. The present study fills the gap and extends the cultural context of psychological ownership by examining the current status of psychological ownership in Malaysia whereby individuals are from a collectivist culture (Hosftede, 1991).

This research is conducted amongst academic staffs in business faculties of public institutions of higher education in Malaysia. What study psychological ownership of business academicians in Malaysia? As stated earlier, most of the earlier studies on psychological ownership were done in a western setting; this research chose a country of the eastern setting that is fast becoming a regional center for excellence in education. A recent committee report by the Malaysian Ministry of Higher Education, Malaysia, stated that Malaysian institutions of higher education are lagging behind in competitiveness when compared to reputed universities in the Asia Pacific region, like Tokyo University, Kyoto University, Nagoya University, Osaka University, Australian National University, Melbourne University, Beijing University and the National University of Singapore (Committee Report to Study, Review and Make Recommendations Concerning the Development and Direction of Higher Education in Malaysia, 2006).

In a recent survey conducted by the THES – QS World University Rankings, Malaysian public universities ranked low compared to other foreign universities



(THES-QS, 2006). Moreover, when looking specifically at business schools, Malaysian business faculties and schools ranked lower compared to the institutions in the neighbouring countries such as Indian Institute of Management, NUS Business School, Asian Institute of Management in the Philippines, and Sasin Graduate Institute of Business and Administration, Thailand (Asia's Best Universities 2000 - Asiaweek.com). Business schools in Malaysia play a vital role by producing business graduates who can contribute to a higher economic growth. However, Malaysian business schools are not at par with other foreign institutions. Why is this so?

Based on the Committee Report (2006), the international criteria used to rate or measure competitiveness of a university are; the reputation of the institution, the strength of its faculty, the quality of research produced, the alumni, the number of renowned researchers, research articles which have been published in international refereed journals, and citation index record, These criteria appear quite similar to the research dimension measure used by AsiaWeek in ranking the Asia's Best Universities 2000. Thus, by looking at the above criteria, it seems evident that most of the criteria in competitiveness depend solely on academicians' performance. It cannot be denied that academicians play the most significant role in providing the competitive edge for an educational institution. Similarly, in a business faculty or school, the performances of its academicians play an important role in determining the success of the organization. As such, Malaysian business faculties were most probably ranked low due to the poor performance of the business academicians. Therefore, what can be done to improve the performance of the academicians of Malaysian business faculties?